

Possible approach for the Authorisation process

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Letter of Pre-Authorisation/Authorisation

The letters should at least have the following key components:

- Project activity description e.g. type, lifespan, projected issuance/transfer quantum, offset programme, methodologies
- **Participation requirements:** Outline that the Host Party has met the Article 6 Participation Requirements e.g. submission of NDC, and voluntary participation in Article 6.2 cooperative approach aligned to Article 6.2 Guidance (Decision 2/CMA3) and any future COP/CMA decisions; and has signed an legally binding Implementation Agreement with the Partner Party
- **Ambition:** Confirm that the proposed project activity is over and above efforts required to deliver host Party's NDC to ensure no net increase in emissions between participating parties as a result of the cooperation
- **Compliance with Article 6:** Agree to internationally transfer the mitigation outcomes and perform corresponding adjustment at the point of first issuance, following all requirements of the Paris Agreement (e.g. reporting) as needed; Commitment to render support to facilitate smooth transfer, verification and accounting of the mitigation outcomes
- **Other conditions:** e.g. alignment with national Article 6 frameworks (e.g. environmental integrity criteria) of both Host Party and User Party, participation criteria and requirements of the G2G framework (if any)

Overview of Process

Project Applicant submits project design document (e.g. Mitigation Action Assessment Protocol) of the proposed project to seek no-objection from **Host Party** and **User Party**, which can issue Letter of Pre-Authorisation and Letter of No Objection respectively

Project Applicant registers project under an pre-approved methodology **Offset Programme**

Project Applicant submits proof of registration to **Host Party** and **User Party** for authorisation; **Host Party** will issue Letter of Authorisation, after **User Party** is satisfied that the **Project Applicant** has met the requirement in User Party-issued Letter of No Objection

Project Applicant submits proof of issuance to **Host Party** for positive examination. If Host Party is satisfied, it will complete the “first transfer process” to undertake corresponding, then list and cancel the ITMOs on its registry

Project Applicant implements the authorised project, with mitigation outcomes (MOs) issue into **Offset Programme's** registry

Host Party and **User Party** submit **Article 6 initial report** for the approved project

End-user claims the use towards other international mitigation purposes (e.g. voluntary use, CORSIA)

Trading through market intermediaries

Host Party* government accepts the transfer into its national registry for subsequent use towards its NDC achievement, and inform the **Host Party** of the transfer and the use for reporting. In parallel, **Offset Programme** will retire these carbon credits, for subsequent listing in **Host Party's** registry

(b)

(a)

No-Objection/Pre-Authorisation Process

Project Applicant submits project design document (e.g. Mitigation Action Assessment Protocol) of the proposed project, using the templates provided by **Host Party** and **User Party**, to for no-objection to subsume under the Implementation Agreement

User Party and **Host Party** will inform the **Project Applicant** of the outcome, to proceed with project design



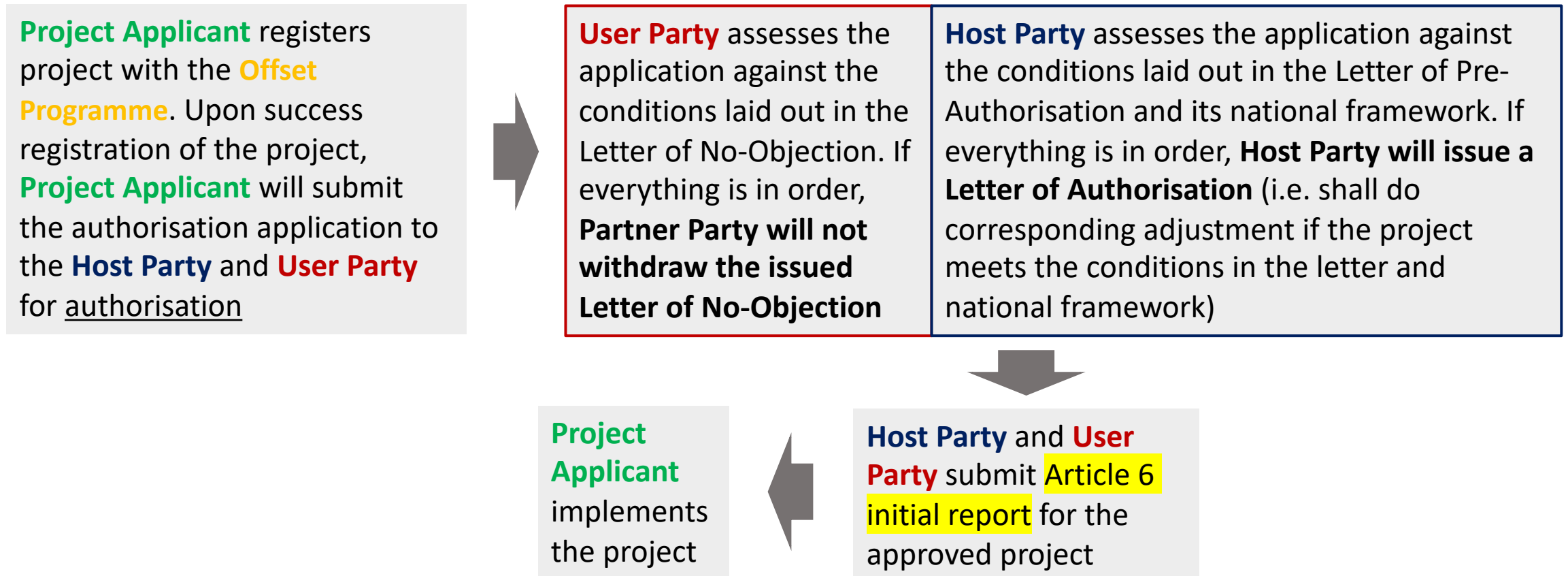
User Party assesses the application against (i) the pre-approved list of projects, offset programmes and methodologies*, and (ii) its national framework. If everything is in order, **User Party will issue a Letter of No-Objection**

Host Party assesses the application against (i) the pre-approved list of projects, offset programmes and methodologies*, and (ii) alignment with its Article 6 framework. If everything is in order, **Host Party will issue a Letter of Pre-Authorisation** (i.e. indicate willingness to do corresponding adjustment if the project meets the conditions in the letter and national framework)



* The pre-approved list is determined by the common subset of projects, offset programmes and methodologies that can meet the environmental integrity and eligibility criteria in the national Article 6 frameworks of the Host Party and Partner Party. If the proposed project is not on the pre-approved list, project applicant should submit application to both Host Party and User Party, through the Joint Committee secretariat for inclusion. Both countries will assess the suitability of the project against their national Article 6 frameworks.

Authorisation Process



If there is any objection from any Parties, the User Party and Host Party will aim to reach a consensus on the next steps before informing the Project Applicant. The next steps could include informing project applicant of the remedial steps required to get authorisation.

Linkages between Article 6 initial report and authorisation

- We should collectively work towards clear and expedient guidance for submission of initial reports to maximise participation and minimise additional resourcing for Participating Parties
 - This will help to improve the integrity and transparency of Article 6 framework
 - Guidance needs to also recognise that not all authorised projects will have a User Party at the point of authorisation, to avoid undermining the integrity of Article 6 framework
- To avoid inconsistencies, Host Party and User Party should ideally also submit a joint initial report for authorised joint projects,